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Attorneys for Plaintiff  
and Third-Party Defendants  
the Sports Shinko Companies

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAI'I

SPORTS SHINKO CO., LTD.,	)	CV 04-00124 BMK
	)	CV 04-00127 BMK
Plaintiff,	)	
	)	CONSOLIDATED CASES
vs.	)	
	)	<b>DECLARATION OF DOREEN</b>
QK HOTEL, LLC, et al.,	)	<b>GRIFFITH; EXHIBITS 65-68</b>
	)	
Defendants,	)	
and	)	
	)	
FRANKLIN K. MUKAI, et al.,	)	
	)	
Third-Party Plaintiffs,	)	
	)	
vs.	)	
	)	
SPORTS SHINKO (USA) CO., LTD., et al.,	)	
	)	

Third-Party	)
Defendants,	)
	)
and	)
	)
SPORTS SHINKO (HAWAII) CO., LTD., et	)
al.,	)
	)
Third-Party Defendants/	)
Counterclaimants,	)
	)
vs.	)
	)
QK HOTEL, LLC, et al.,	)
	)
Third-Party Counterclaim	)
Defendants.	)
	)
AND CONSOLIDATED CASES	)
_____	)
	)
	)

# **DECLARATION OF DOREEN GRIFFITH**

1. I am a partner at the Honolulu office of Grant Thornton, LLP. I was the tax partner responsible for preparation of consolidated federal tax returns for Sports Shinko (USA), Co. Ltd. ("SS USA") and its subsidiaries for the 2004 and 2005 tax years. I make this declaration based on personal knowledge, and I am competent to testify to the matters set forth below.

2. SS USA's 2004 and 2005 federal tax returns were prepared and submitted on a consolidated basis. They combined income and asset information from SS USA and its thirteen subsidiaries, including Sports Shinko (Waikiki) Corp.

3. Attached as Exhibit 65 is a true and correct copy of a series of emails between myself and others at Grant Thornton LLP and various representatives

of Goldman Sachs Realty Group Japan and Sports Shinko Co. Ltd. ("SS Japan") relating to SS USA's 2004 federal tax return. This document was made at or near the time by, or from information transmitted by, a person with knowledge of the matters stated and was kept in the course of Grant Thornton's regularly conducted business activity. It was the regular practice of Grant Thornton to make this type of document.

4. When Grant Thornton first received the initial financial statements for SS USA in connection with preparing SS USA's 2004 tax return, the financial statements looked dissimilar to the prior year's information. We determined that the client incorporated purchase accounting adjustments (see paragraph 5) that eliminated many inter-company accounts. After correspondence with our client contacts, Sports Shinko provided revised financial statements that were used to prepare the 2004 income tax returns.

5. When stock of a corporation is purchased, the purchaser is often required to restate the assets of the corporation to fair market value at the time of the purchase. This accounting treatment is usually accomplished by adjusting the balance sheet of the acquired corporation to reflect the new values. It is not unusual for inter-company accounts to be consolidated during this process. Any gain or loss resulting from the revaluation may be included in the income statement.

6. Since the Sports Shinko acquisition transaction was a stock purchase transaction, purchase accounting adjustments were not applicable to the income tax returns. Thus, the initial financial statements provided by Sports Shinko

reflecting purchase accounting adjustments were requested by Grant Thornton to be revised for tax return preparation purposes.

7. Attached as Exhibit 66 to this Declaration are true and correct copies of the 2004 balance sheet and trial balance for SSW, as revised in accordance with the process described above. The information in this balance sheet corresponds to the information used for preparation of SS USA's 2004 federal tax return.

8. Attached as Exhibit 67 are true and correct excerpts from SS USA's 2004 federal tax return.

9. The 2004 Form 5472 included in Exhibit 67 detailing the transactions between January 1, 2004 and December 31, 2004, was prepared based on our understanding that SS Japan no longer held the debt owed by the US subsidiaries. At the time of the 2004 return preparation, we were uncertain of the exact disposition of this debt.

10. The 2004 Section 351 statement included in Exhibit 67 was filed as a precaution to explain why no taxable income was recognized by SS USA when SS USA no longer owed debt to SS Japan, as reflected in the Form 5472.

11. During the 2005 tax return preparation process, we were provided documentation from the client that the debt had been sold from SS Japan to another related party.

12. Thus, in 2005, SS USA's consolidated tax return included a Form 5472 reporting the financial relationship between South Wind Realty Finance (Cayman) Company and SS USA.

13. Attached as Exhibit 68 are true and correct excerpts from SS USA's 2005 federal tax return.

14. The Form 5472 included in Exhibit 68 reflects the purchase of SS USA's debt formerly held by SS Japan by South Wind Realty Finance (Cayman) Company.

*I swear that the foregoing is true under penalties of perjury of the United States of America.*

EXECUTED: Honolulu, Hawai'i, August 24, 2007.

  
DOREEN GRIFFITH